

March 12, 1976

SENATOR MURPHY: I would like to discuss them one at a time and then adopt them Mr. Chairman. They are all a matter of corrective language.

CLERK: Read Number two.

SENATOR MURPHY: This was a pick-up out of the Georgia bill. This bill does not provide for provisional members and so the word "provisional members" in relation to electing directors needs to be removed.

CLERK: Read.

SENATOR MURPHY: This relates to the method in which the accounting procedures of these contributions to this mutual insurance corporation, that they are forming will be handled relative to their own bookkeeping. Initially it is to be considered a reserve and they have now in concurrence with the Director of Banking provide that this 1% contribution will be an investment in this insurance corporation. It is a matter of terminology in their bookkeeping.

CLERK: Read Number four.

SENATOR MURPHY: The manner in...once this 1% has been contributed and the fund is established any replacement contributions needed to maintain it, this explains the manner in which they will be handled. They will be allowed as an expense to the corporation, but they will be entered as a bookkeeping entry under reserves and it deals only with the contributions after the initial assessment to maintain the fund. There is a difference of the initial contributions are considered an investment, the balance of the contributions will be an expense and carried as a reserve. At this point I believe that is the extent of the committee amendments Mr. Clerk.

CLERK: That is all of the committee amendments. They are approved as to form by the bill drafter.

SENATOR MURPHY: Then I would move the adoption of the committee amendments.

SENATOR SAVAGE: Senator Keyes.

SENATOR KEYES: Senator Murphy, what is the object of carrying these last as a reserve? Now, what is there to be gained by putting them in there and carrying them as a reserve?

SENATOR MURPHY: Senator Keyes, oddly enough I had the same question of Mr. Errands of the Department who is the Credit Union Representative in the Department of Banking. He said that it is simply a matter of how they account for it. They are going to let them expense any supplementary contributions that they have to make, but in doing that, they are going to let the credit union show that this is a reserve as far as their balance sheet goes it will be carried as a reserve and this apparently is the manner in which the Department of Banking wants to audit these figures.